



NORTHERN FUNDS – GLOBAL REAL ESTATE INDEX FUND REVISED 2020 1099-DIV (AND IF APPLICABLE REVISED 2020 1099-B) INFORMATION

Subsequent to the issuance of the 2020 Form 1099-DIV, revised information became available regarding the federal tax character of dividends paid by Northern Funds –

Global Real Estate Index Fund (the “Fund”). The corrected 2020 Form 1099-DIV reflects a change in the classification of a portion of the Fund’s distributions paid in 2020 from taxable ordinary income (Box 1a) to a return of capital (Box 3). For taxable Fund shareholders, this likely results in a reduction of calendar year 2020 taxable income. We recommend consulting your tax advisor about the feasibility and the potential benefit of amending your 2020 federal tax return.

Please carefully read the Questions and Answers below for additional information regarding the revised tax information for calendar year 2020. Please note that we are unable to provide tax advice and Fund shareholders should consult with, and rely on, their tax advisor in determining how to proceed.

What series of Northern Funds was impacted?

Northern Funds – Global Real Estate Index Fund

CUSIP: 665162541

Ticker: NGREX

Why did I receive a revised Form 1099-DIV?

During a review of our tax reporting for 2020, the Fund determined that a portion of the amounts reported to you in the 2020 Form 1099-DIV as an ordinary dividend in Box 1a of the 1099-DIV should have been classified as a non-dividend distribution (return of capital) in Box 3 of the 1099-DIV.

The corrected 2020 Form 1099-DIV shows lower than previously reported ordinary dividends (Box 1a) and a higher non-dividend distribution/return of capital (Box 3).

Note: The Fund did have qualified and Section 199A distributions, so Boxes 1b and 5 were also updated.

Why did I receive a revised Form 1099-B?

During a review of our tax reporting for 2020, the Fund determined that a portion of the amounts reported to you in 2020, as an ordinary dividend, should have been classified as a non-dividend distribution (return of capital). This prior classification resulted in an incorrect cost basis for shares that were sold from the Fund and subsequently impacted your cost basis in Box 1e on Form 1099-B.

What is the difference between an Ordinary Dividend and a Non-dividend Distribution/Return of Capital (ROC)?

An ordinary dividend is a distribution out of either current or accumulated earnings and profit of the Fund. An ordinary dividend paid to a Fund shareholder will appear in Box 1a/1b or Box 2a of the 1099-DIV.

A distribution that was made in excess of the Fund's current or accumulated earnings and profit is considered to be a **return of capital**. A return of capital distribution will appear in Box 3 of the 1099-DIV and will be used to reduce the basis/cost of your shares within the Fund. If the Fund's 1099-DIV shows amounts in both Box 1a/1b/2a and also in Box 3, then the Fund had net positive earnings and profits, but made distributions in excess of these positive earnings and profits. It is these excess distribution amounts that appear in Box 3. Simply put, ROC is a payment to a Fund shareholder not derived from net income of the fund. ROC is not considered income in 2020, but the Fund shareholder can expect future tax implications. Fund shareholders should consult their tax advisor for tax advice.

With the corrected Form 1099-DIV for calendar year 2020, do I need to file an amended tax return for 2020?

Fund shareholders should consult their tax advisor for tax advice in order to determine the tax consequences in relation to their investment in the Fund, their particular tax situation, and whether they should file an amended tax return.

Are there any consequences if I choose to not amend my 2020 tax return?

The corrected distribution allocations are included on the corrected 2020 Form 1099-DIV that the Fund sends to the IRS. If you choose not to file an amended tax return, your 2020 tax returns may not match the revised information reported to the IRS by the Fund.

While the Fund and Northern Trust cannot offer tax advice either on a general basis or specific to any client accounts, the change in characterization will likely impact calendar year 2020 taxable income to Fund shareholders that are subject to tax.

In addition, because the revised information reflects a return of capital, the "cost basis" of your shares would be reduced. If you sold your Fund shares since June 23, 2020, and received a 2020 Form 1099-B, you would not have taken this cost basis adjustment into account, which would affect the amount of gain or loss realized upon a sale of Fund shares. The IRS may review returns in light of this information. We recommend you consult your tax advisor about the advisability and feasibility of amending the tax returns for the year in which you sold your Fund shares. Your state and/or local income tax filings may also be impacted by the new information.

Where can I get more information?

If you purchased shares of the Fund through a broker-dealer or other financial intermediary, including The Northern Trust Company, please contact such broker-dealer or financial intermediary for more information.

If you purchased shares of the Fund directly with Northern Funds, please visit the Fund's website at northerntrust.com/funds or by calling 800-595-9111.